

# 2011-12 – 1<sup>st</sup> QUARTER STATUS REPORT – Sr. Investment Officer, Global Equity (E. Baggesen)

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## Quantitative Performance Measures

### Total Fund Performance

Weight	Performance Measure	Incentive Schedule	1 <sup>st</sup> Quarter Status
40%	Return deviation in basis points relative to: Total Fund performance versus Total Fund benchmark {SJ1CA1 – CPERSTO2IC} *Cost-adjusted Benchmark	-13 basis points = 0 +13 basis points = 1.0 27 basis points = 1.5	+16 bps {(7.00) – (7.16)}

### Total Global Equity Performance

Weight	Performance Measure	Incentive Schedule	1 <sup>st</sup> Quarter Status
35%	Excess return deviation in basis points relative to: Global Equity Performance Benchmark {SX2JA1 – CPERSHM2IC} *Cost-adjusted Total Global Equity Benchmark	-8 basis points = 0 +7 basis points = 1.0 +18 basis points = 1.5	+17 bps {(17.94) – (18.11)}

## Qualitative Performance Measures *(All performance measures utilize standard Qualitative incentive schedule unless otherwise noted)*

### Global Equity Performance Priorities

Weight	Performance Measure
15%	<p>By June 30, 2012, implement asset class priorities which contribute to the success of your program by adopting innovative approaches and overcoming obstacles to improve investment performances and processes, including:</p> <p>Support of the continuing restructure of the methods and process used to allocate capital more effectively within Global Equity by completing work within one or more of the categories below:</p> <ul style="list-style-type: none"> <li>• The “Public Markets Portfolio Management” Project</li> <li>• Functionalization/organization of the work performed within the external strategy area</li> <li>• Construction of an improved communication model for all constituent audiences</li> <li>• Capital allocation optimizer, governance, and decision-making</li> <li>• By December 31, 2011, incorporate CalPERS Core Values into the external manager skill search and validation process</li> <li>• Evaluate the Emerging Manager programs and develop a plan to consolidate into Fund structure and migrate MDP managers to Fund-of-Funds pool upon completion of alternate solicitation contracting process</li> <li>• Implement the Global Equity risk budget into the capital allocation process</li> </ul>
<b>1<sup>st</sup> Quarter Status:</b> <ul style="list-style-type: none"> <li>• FYTD asset class performance +0.17% over benchmark.</li> <li>• Improved team focus by separating RMARS and Corporate Governance policy teams from Global Equity.</li> <li>• Assigned portfolio management staff to functional categories.</li> <li>• Global Equity has created and is implementing project plans for restructuring work flow within functional teams.</li> <li>• The Global Equity team has deployed about \$5 billion into Global Equity markets from asset allocation shifts.</li> <li>• I am completing specification of PM2 alternative to obtain needed functionality.</li> </ul>	

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## Leadership

Weight	Performance Measure
10%	<p><b><u>Enterprise-wide Leadership and Management</u></b>  By June 30, 2012, achieve improvements in enterprise management by:</p> <ul style="list-style-type: none"> <li>• Maintaining an average position vacancy rate of 5% or less through the fiscal year 2011-12.</li> <li>• Ensure all Form 700 Statements of Economic Interest are filed by scheduled employees by the mandated due date of April 1, 2012.</li> <li>• Ensure all scheduled employees complete the legally mandated AB 1234 ethics training by June 30, 2012.</li> <li>• Maintain a 90% EPAD completion rate.</li> <li>• Address and resolve all outstanding audit findings within 12 months of audit report.</li> <li>• Dedicate 2 hours per month for Employee Recognition during the year through fiscal year 2011-12.</li> <li>• Ensure 100 percent compliance using the new diversity and inclusion performance factor in annual manager and supervisor performance reviews.</li> <li>• Complete the Executive D&amp;I Development Journey course, including completion of all pre- and post-session work assignments.</li> <li>• Conduct at least two direct report team sessions on diversity and inclusion awareness.</li> <li>• Effectively manage all Operational resources within prescribed budget limits.</li> <li>• Conduct direct report sessions on renewal of our core values and guiding behaviors to ensure that we are adhering to these convictions at least once a quarter</li> </ul> <p><b><u>Investment Office Leadership and Management</u></b>  By June 30, 2012, contribute to the value creation, capacity building, and organization support for the Investment Office by:</p> <ul style="list-style-type: none"> <li>• Strengthening and reinforcing a value driven culture that fosters accountability, transparency, and integrity.</li> <li>• Participating in training, communication, and recognition activities and events.</li> </ul> <p><b><u>Team Participation – Cross Asset Class Collaboration</u></b>  By June 30, 2012, participate in and support cross asset class initiatives, such as the Investment Office Roadmap, Investment Strategy Group, Investment Proposal Tracking System, Operating Committee, and technology steering committees to improve investment performance, cost effectiveness, and manage risk.</p>
<p><b>1<sup>st</sup> Quarter Status:</b></p> <ul style="list-style-type: none"> <li>• I hosted the Global Equity team to event at Raley Field in recognition of excellent work completed.</li> <li>• I met with SEC and CFTC staff and commissioners on the topic of OTC derivatives regulatory reform.</li> <li>• Two of three current Rapid Results projects are being led by Global Equity staff.</li> <li>• All HR related activity on target for meeting objectives.</li> </ul>	